

Message Text

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PAGE 01 RIO DE 02639 081601Z
ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EUR-12 ISO-00 AGR-05 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 FRB-03 OMB-01 PA-01 PRS-01 /070 W
-----081653Z 116787 /50

P R 081438Z JUN 77
FM AMCONSUL RIO DE JANEIRO
TO SECSTATE WASHDC PRIORITY 4979
INFO AMEMBASSY ABIDJAN
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY GUATEMALA
AMEMBASSY LONDON
AMEMBASSY MEXICO
AMCONSUL SAO PAULO
AMEMBASSY SAN SALVADOR

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E.O. 11652: N/A
TAGS : ETRD BR IV ES
SUBJECT : BRAZILIAN PURCHASE OF EL SALVADOREAN COFFEE

REF: BRASILIA 4187

BEGIN UNCLASSIFIED

1. MAY 8 BRAZILIAN PRESS REPORTS THAT INTERBRAS, TRADING
SUBSIDIARY OF GOB-CONTROLLED PETROBRAS, HAS ANNOUNCED THE
PURCHASE OF 300,000 BAGS OF COFFEE FROM EL SALVADOR. JORNAL
DO BRASIL ARTICLE STATES THAT COFFEE MAY ACTUALLY ORIGINATE
FROM OTHER CENTRAL AMERICAN COUNTRIES BUT CONTRACT STIPULATES
THAT EL SALVADOR MUST BE LISTED AS COUNTRY OF ORIGIN ON
CERTIFICATES ACCOMPANYING COFFEE. JORNAL DO BRASIL CONTINUES
THAT ACQUISITION OF THIS COFFEE WILL ENABLE INTERBRAS TO EXPORT
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AN EQUAL QUANTITY OF BRAZILIAN COFFEE WITHOUT HAVING TO ACQUIRE
THE NECESSARY ENTITLEMENT CERTIFICATES (SEE REFTEL FOR EXPLA-
NATION OF THIS NEW SYSTEM). ACCORDING TO THIS REPORT, BY
THE END OF THIS WEEK, INTERBRAS WILL ALSO CONCLUDE A CONTRACT
WITH THE IVORY COAST FOR THE PURCHASE OF 10,000 TONS (APPROXI-
MATELY 170,000 60 KG BAGS). INTERBRAS DID NOT DISCLOSE
EXACTLY WHAT IT INTENDED TO DO WITH EITHER PURCHASE.

2. IN ANALYSIS OF TRANSACTION O GLOBO, LARGE RIO DAILY, STATES THAT OBJECTIVE WAS TO SLOW THE DOWNWARD TREND, CONSIDERED ARTIFICIAL, OBSERVED IN THE COFFEE MARKET RECENTLY. ARTICLE CONTINUES THAT INTERBRAS WOULD HAVE ANALYZED THE CURRENT MARKET AND CONCLUDED THAT IN THE NEAR FUTURE THERE WILL BE A TIGHT STOCK SITUATION AND CONSEQUENTLY HIGH PRICES. THE LARGE IMPORTERS ARE RELATIVELY WELL SUPPLIED FOR THE SHORT TERM BUT WILL SOON HAVE TO RETURN TO THE MARKET. LOGICALLY THEY SHOULD HAVE TO PAY A HIGH PRICE FOR A COMMODITY THAT IS BECOMING MORE SCARCE. FOR THIS REASON INTERBRAS ANTICIPATED THIS SITUATION AND DECIDED TO INTERVENE IN THE AREA OF THE MARKET WHERE COUNTRIES WITH A MORE FRAGILE (THAN BRAZIL) ECONOMIC STRUCTURE ARE INVOLVED. THE GOVERNMENTS OF THESE COUNTRIES CAN GO WITHOUT SELLING COFFEE FOR ONLY A RELATIVELY SHORT TIME.

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3. COMMENT: INTERBRAS' ANNOUNCEMENT IS CLEARLY A MANEUVER ON PART OF GOB TO "DEFEND" INTERNATIONAL COFFEE PRICES. CONGEN IS ATTEMPTING TO LEARN ACTUAL DELIVERY DATES AND DESTINATIONS FOR COFFEE PURCHASED BUT AS IN JULY, 1976 INTERBRAS-EL SALVADOR TRANSACTION, ULTIMATE RESULTS MAY TURN OUT TO BE MUCH MORE MODEST THAN ORIGINAL ANNOUNCEMENT WOULD INDICATE.

4. EMBASSY CONCURS THIS MESSAGE.

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SIMMONS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Format: TEL
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Litigation History:
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